

**LOCAL COMMUNITY STABILIZATION AUTHORITY ACT (EXCERPT)**  
**Act 86 of 2014**

**123.1354 Municipality not local school district, intermediate school district, or tax increment finance authority; municipality that is county, township, village, city, or authority providing essential services; duties of department.**

Sec. 14. (1) Not later than November 7, 2016, and each September 7 thereafter, for each municipality that is not a local school district, intermediate school district, or tax increment finance authority, the department shall do all of the following:

(a) Calculate the municipality's personal property exemption loss.

(b) Multiply the municipality's personal property exemption loss by the millage rates calculated under section 13(5).

(c) Adjust the amount calculated under subdivision (b) by the amount required to reflect the final order of a court or body of competent jurisdiction related to any prior year calculation under this subsection. An adjustment under this subdivision shall only be made for municipalities for which changes in prior year taxable values can be calculated from taxable values reported under section 151(1) of the state school aid act of 1979, 1979 PA 94, MCL 388.1751.

(d) Adjust the amount calculated under subdivision (b), as adjusted by subdivision (c), by the amount calculated under section 16a(2) for captured taxes levied by the municipality not including taxes attributable to increased captured value.

(2) Not later than November 7, 2016, and each September 7 thereafter, for each municipality that is a county, township, village, city, or authority that provides essential services, the department shall do all of the following:

(a) Add to the amount calculated under subsection (1)(a) any increased value from expired tax exemptions for the current year.

(b) Subtract from the amount calculated under subdivision (a) the amount calculated under section 16a(2)(b) for the municipality, not including any amount attributable to increased captured value.

(c) Multiply the result of the calculation in subdivision (b) by the millage rate calculated under section 13(5) for general operating millage.

(d) Multiply the result of the calculation in subdivision (c) by the percentage of the municipality's general operating millage used to fund the cost of essential services in the municipality's fiscal year ending in 2012. The department shall calculate each municipality's percentage of general operating millage used to fund the cost of essential services in the municipality's fiscal year ending in 2012, unless the municipality includes the calculation in its comprehensive annual financial report for the municipality's fiscal year ending in either 2014 or 2015 or otherwise reports the calculation to the department in a form and in a manner prescribed by the department.

(e) Add to the result of the calculation in subdivision (d) an amount calculated by multiplying the amount calculated under subdivision (b) by the millage rates calculated under section 13(5) that are dedicated solely for the cost of essential services levied on industrial personal property and commercial personal property. A millage levied to fund a pension under the fire fighters and police officers retirement act, 1937 PA 345, MCL 38.551 to 38.562, is dedicated solely for the cost of essential services.

(3) Not later than May 10, 2016, for each municipality that is a city, the department shall do all of the following:

(a) Calculate the municipality's 2014 and 2015 small taxpayer exemption loss.

(b) Multiply the 2014 small taxpayer exemption loss if greater than zero by the millage rates calculated under section 13(5) for 2014, excluding debt millage.

(c) Multiply the 2015 small taxpayer exemption loss if greater than zero by the millage rates calculated under section 13(5) for 2015, excluding debt millage.

(d) Add the amounts calculated under subdivisions (b) and (c).

(e) Calculate the sum of the municipality's debt loss for 2014 and 2015 reimbursed under section 17(1)(a) for millages used to calculate the amounts under subdivisions (b) and (c).

(f) Calculate the amount of any tax increment small taxpayer loss for captured taxes levied by the municipality in 2014 and 2015 for millages used to calculate the amounts under subdivisions (b) and (c).

(4) Not later than September 7, 2016, and each September 7 thereafter, for each municipality that is not a local school district, intermediate school district, or tax increment finance authority, the department shall do all of the following:

(a) Calculate the municipality's 2015 small taxpayer exemption loss.

(b) Multiply the municipality's 2015 small taxpayer exemption loss by the millage rates calculated under

section 13(5).

(c) Adjust the amount calculated under subdivision (b) by the amount required to reflect the final order of a court or body of competent jurisdiction related to any prior year calculation under this subsection. An adjustment under this subdivision shall only be made for municipalities for which changes in prior year taxable values can be calculated from taxable values reported under section 151(1) of the state school aid act of 1979, 1979 PA 94, MCL 388.1751.

(d) Adjust the amount calculated under subdivision (b), as adjusted by subdivision (c), by the amount calculated under section 16a(2) for captured taxes levied by the municipality not including taxes attributable to increased captured value. The adjustment under this subdivision shall only be made to the extent that the adjustment made under subsection (1)(d) did not fully account for all captured taxes levied by the municipality not including taxes attributable to increased captured value.

**History:** 2014, Act 86, Eff. Aug. 22, 2014;—Am. 2015, Act 122, Imd. Eff. July 10, 2015;—Am. 2016, Act 124, Imd. Eff. May 19, 2016.

**Compiler's note:** Enacting section 2 of Act 86 of 2014 provides:

"Enacting section 2. This act does not take effect unless Senate Bill No. 822 of the 97th Legislature is approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014."

Enacting section 3 of Act 86 of 2014 provides:

"Enacting section 3. If Senate Bill No. 822 of the 97th Legislature is not approved by the majority of the qualified electors of this state voting on the question at an election to be held on the August regular election in 2014, for fiscal year 2014-2015, the legislature shall appropriate an amount sufficient to make the appropriation described in section 17(1)(a) for fiscal year 2014-2015."

**Compiler's note:** Pursuant to section 34 of article IV of the state constitution of 1963, a legislative referendum on Act 80 of 2014 was presented to the electors as Proposal 14-1 at the August 5, 2014 primary election. The proposal read as follows:

"APPROVAL OR DISAPPROVAL OF AMENDATORY ACT TO REDUCE STATE USE TAX AND REPLACE WITH A LOCAL COMMUNITY STABILIZATION SHARE TO MODERNIZE THE TAX SYSTEM TO HELP SMALL BUSINESSES GROW AND CREATE JOBS

The amendatory act adopted by the Legislature would:

1. Reduce the state use tax and replace with a local community stabilization share of the tax for the purpose of modernizing the tax system to help small businesses grow and create jobs in Michigan.
2. Require Local Community Stabilization Authority to provide revenue to local governments dedicated for local purposes, including police safety, fire protection, and ambulance emergency services.
3. Increase portion of state use tax dedicated for aid to local school districts.
4. Prohibit Authority from increasing taxes.
5. Prohibit total use tax rate from exceeding existing constitutional 6% limitation.

Should this law be approved?

YES ☐

NO ☐

Act 80 of 2014 was approved by a majority of the voters at the August 5, 2014 primary election. The election results were certified by the Michigan Board of State Canvassers on August 22, 2014.